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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/697,009	10/25/2000	Bruce L. Davis	60319	4530

23735   7590   01/31/2005

DIGIMARC CORPORATION
9405 SW GEMINI DRIVE
BEAVERTON, OR 97008

EXAMINER
JANVIER, JEAN D

ART UNIT	PAPER NUMBER
3622	

DATE MAILED: 01/31/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

PTO-90C (Rev. 10/03)

— The MAILING DATE of this communication appears on the cover sheet with the correspondence address —

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE _3_ MONTH(S) FROM
THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed
  after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
  Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any
  earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on _12 November 2004_.

2a)☒ This action is **FINAL**.   2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is
closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) _2 and 5-7_ is/are pending in the application.

4a) Of the above claim(s) _3_ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) _2 and 5-7_ is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All   b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage
application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
   Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413)
   Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

Response to Applicant's Arguments

First of all, Applicant traverses the objection to claim 2 arguing that the claim is a method claim and thus, it does not require a reader capable of reading a digitally watermarked object. However, the Applicant's traversal or refusal to amend the claim to overcome the objection is not immediately understood because the claim, as it now stands, recites a reader device. Furthermore, instead of amending the claim (claim 2) to thereby overcome the claim objection, the Applicant has chosen to add claim 5, which incorporates the requested change. Here, the objection to claim 2 is proper or improper. Hence, the Applicant's arguments with respect to the objection to claim 2 are not persuasive and the objection is maintained (See the Claim Objections below for more details).

Additionally, the Applicant's arguments regarding the Office Action are very broad in nature and fail to address or traverse the rejection by specifically pointing out the deficiencies in the prior art. In fact, the claims, as they stand, are very broad and the Examiner has consequently given the broadest interpretation to the claims. Further, it appears here that the Applicant is reading limitations from the specification into the claimed invention. Although the Examiner relies upon the specification for support regarding the claimed invention, however, it is improper to read limitations from the specification into the claimed invention.

Therefore, the Applicant's request for allowance or withdrawal of the last Office Action has been fully considered and respectfully denied in view of the foregoing response since the Applicant's arguments as herein presented are not plausible and thus, the current **Office Action has been made Final.**

DETAILED ACTION

Specification

Priority

Applicant's indirect claim for domestic priority under 35 U.S.C. 119(e) to Provisional

Application 60/134, 782, file on 05/19/1999, through Application 09/343,104, filed on 06/29/1999, is

acknowledged. However, the provisional application upon which priority is claimed fails to provide

adequate support under 35 U.S.C. 112 for claim 2 of this application. For examination purpose, the

Instant Application will receive a filing date of 10/25/2000 unless the Applicant can provide document

to support an earlier filing date. Further, Bruce Davis' name, a co-inventor in the Instant Application,

does not appear in the provisional Application. In addition, the Instant Application has only two

inventors while Application 09/343, 104, a priority document, has six inventors.

Information Disclosure Statement

The IDS filed on 11/12/04 was considered and initialed by the Examiner, as shown on the

previous PTO Form 1449.

Status of the claims

Applicants had canceled claims 1 and 4 without traverse or prejudice. Further, claim 3 was

withdrawn with traverse from further consideration pursuant to 37 CFR 1.142(b), as being drawn to a

nonelected invention, there being no allowable generic or linking claim. Applicant timely traversed the

restriction (election) requirement in Paper No. 6. Further, claims 5-7 were added. Hence, claims 2 and

5-7 are currently pending in the Instant Application. Finally, Applicant is requested to cancel the

withdrawn claim (claim 3) in a subsequent correspondence pursuant to 37 CFR 1.144 (See MPEP

§ 821.01).

Claim Objections

Claim 2 is objected to because of the following informalities:

Concerning claim 2 recites the steps of "Presenting a digitally watermarked object to a reader
device at a first location, and triggering a first response thereby;
    Presenting the object to a reader device at a second location, and triggering a second,

different response thereby;

Wherein at least one of said responses comprises the issuance of a coupon".

As can be seen above, the claim never recites that the reader device at either location is capable of

reading the digital watermark imprinted on the object. To this end, the Examiner assumes that the

object has other marks such as a bar code imprinted thereon and that either location has a conventional

reader capable of reading the bar code. **Hence, the digital watermark on the object does play any**

role and is not given any patentable weight during examination. Further, in another instance, the

digital watermark on the object will be given patentable weight during prosecution, as intended.

Appropriate correction is required.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that

form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on
sale in this country, more than one year prior to the date of application for patent in the United States.

Claim 2 is rejected under 35 U.S.C. 102(b) as being anticipated by Lemon, US Patent 4, 674, 041.

(Here, the digital watermark on the object does play any role and is not given any patentable weight).

As per claim 2, Lemon discloses a system having remotely located coupon printing stations installed in stores and capable of limiting the number of coupons printed in a given time period. Each coupon station has a display for indicating the available coupons, selection means to allow a consumer to choose the desired coupon and a coupon printer coupled to a station (T) for printing the selected coupon. The system also disables display of a particular coupon when a pre-selected coupon limit has been reached (col. 2: 16-19; col. 3: 39-54; col. 4: 47-51). The manufacturer may prescribe a particular number of coupons to be redeemed collectively and at each particular retail store. The present invention also greatly reduces the possibility of fraud by enabling coupons to be encoded with store identification numbers, expiration dates, uniform product codes, and other information at the point of distribution. The system **provides point of sale distribution and same day expiration dates** (col. 1: 55-67).

The system includes a stand-alone coupon-dispensing terminal T or kiosk provided at each retail store or location. Each stand-alone terminal communicates with a host central processing unit located remote from the stores (remote central repository or database storing coupon data). Coupons are displayed for customer selection at each dispensing terminal on a video menu via a cathode ray tube and touch screen combination. **Each terminal may be monitored and controlled via the host computer to obtain data such as the number of coupons issued and the** identification **of customers using the terminal.** The system enables the manufacturer to limit the number of a particular coupon issued **from a terminal at a store as well as the number issued** in response to activation by a particular credit card. Each terminal T, linked to the remote central database, includes a self-contained high speed coupon printer which prints the product information, date, time of day, uniform product

code, expiration date, a store identification number or any other information desired for particular

applications on each coupon issued. Each terminal T has at least a reader device capable of reading a

magnetic strip on a credit card (col. 2: 5-28). A host computer H, related to the central database, is

programmed to receive from a plurality of terminals T, installed at a plurality of stores, coupon

transaction information including the number and type of coupons dispensed, store identification

numbers, and customer account numbers. Host computer H is programmed to use the information to

generate the weekly reports 4 and 6, shown in fig. 1, for the manufacturer and related retailers

respectively (col. 4: 52-64). Hence, the manufacturer is able to prescribe limits for distribution of

particular coupons on a collective and per store basis, as depicted in fig. 1. The report 4 is provided to

the manufacturer on a periodic basis, such as a weekly basis and includes coupon distribution

information for each retail outlet. Report 4 may include the number of coupons dispensed, the store

identification information, the dates and times of distribution, and customer identification data. This

information is valuable to the manufacturer both as an aid in analyzing its marketing techniques and in

detecting fraudulent coupon distribution or redemption. The report 6 provided to retailers is essentially

like report 4 but includes information only as to the particular retail store(s) involved (col. 3: 39-54; fig.

1).

A customer enters a participating store having a terminal T, with a reader or Activator A

coupled thereto, and uses an identification means such as a typical credit card to activate or access via

the Activator A the coupon dispenser or terminal T (first location) to view or select at least one

coupon. Upon detecting or sensing the presence of the credit card in its circuitry, Activator A reads

the data encoded on magnetic tape or strip imprinted on the consumer's inserted credit card. Then,

Activator A provides a signal to activate terminal T to the coupon-dispensing mode. Using a credit

card as an activator or identification means provides the informational capability to limit the number

of unauthorized transactions or printed coupons, utilizing the same credit card at the same terminal

T, and further prevents children from activating the machine or coupon dispenser T. Subsequently,

terminal T, at the first location, retrieves and displays only coupons currently available to the

identified consumer, identified via the credit card having a unique account number or identifier.

Here, the customer can select and print at least one coupon via a printer connected to the terminal T

(presenting the customer's credit card or object to a first reader device at a first location or terminal

T installed at a first store and triggering a first response or issue a first coupon to the customer).

Further, upon activation, terminal T determines whether the same credit card account number has

been used within the last week or other pre-designated period by comparing the present credit card

number with those stored in memory or database coupled to processor 22 of the terminal T. If so,

microcomputer 22 permits only those coupons still available for selection by that particular

customer account number to be displayed. If, for example, the manufacturer has prescribed a one

per customer limit for a coupon, and that coupon has been previously issued to the customer under

the same credit card account number, then the coupon will not be displayed. Furthermore, even if

the particular credit account number has no selection history and if the maximum number of a

particular coupon either collectively or on a store-by-store basis have been issued, that coupon

will no longer be displayed. In this fashion, a manufacturer is provided with much more control

over the maximum redemption liability. It should be recognized here that the customer comes to

the (first) store and presents his credit card or object to a first reader device or Activator A,

coupled to a first terminal T or kiosk, which senses the card and reads the customer's account

number and issues a first response or a first coupon accordingly. Then the customer takes the

issued or printed coupon to the cashier at the first store and uses the same object or credit card to

identify himself during to thereby trigger a second response or a redemption of the coupon

and/or to pay for the transaction, which involves the redemption of the coupon upon acquiring

the required product (sensing the same object at the first store checkout or cash register reader or

second reader and triggering a second response or a redemption process or a payment process). It

should further be understood that the customer can subsequently take the same object or credit

card to a second store or POS and present the same credit card or object to a second reader

device or Activator A, coupled to a second and different terminal T or kiosk, which senses the

card and reads the customer's account number and issues a second different response or second

different coupon, different from the first response or the first coupon, based on the coupons

currently available to the customer as per the central database or per the coupons or promotions

for the second store or based upon information related to the customer's credit card or object

account number stored in the second terminal T or processor 22 database installed in the second

store, wherein the first coupon may not even be available, under the customer's credit card

account, if it was a **one per customer-only or one time type coupon or promotion** (col. 5: 45 to col.

6:10; col. 10: 17-61; col. 19: 51 to col. 20: 5; col. 29: 66 to col. 30: 20).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

This application currently names joint inventors. In considering patentability of the claims under 35

U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly

owned at the time any inventions covered therein were made absent any evidence to the contrary.

Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates

of each claim that was not commonly owned at the time a later invention was made in order for the

examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g)

prio r art under 35 U.S.C. 103(a).

Claim 2 and 5-7 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lemon, US

Patent 4, 674, 041.

(Here, the digital watermark on the object will be given patentable weight, as intended))

As per claim 2 and 5-7, Lemon discloses a system having remotely located coupon printing stations

installed in stores and capable of limiting the number of coupons printed in a given time period. Each

coupon station has a display for indicating the available coupons, selection means to allow a consumer

to choose the desired coupon and a coupon printer coupled to a station (T) for printing the selected

coupon. The system also disables display of a particular coupon when a pre-selected coupon limit has

been reached (col. 2: 16-19; col. 3: 39-54; col. 4: 47-51). The manufacturer may prescribe a particular

number of coupons to be redeemed collectively and at each particular retail store. The present invention

also greatly reduces the possibility of fraud by enabling coupons to be encoded with store identification

numbers, expiration dates, uniform product codes, and other information at the point of distribution.

The system provides point of sale distribution and same day expiration dates (col. 1: 55-67).

The system includes a stand-alone coupon-dispensing terminal T or kiosk provided at each

retail store or location. Each stand-alone terminal communicates with a host central processing unit

located remote from the stores (remote central repository or database storing coupon data). Coupons are

displayed for customer selection at each dispensing terminal on a video menu via a cathode ray tube

and touch screen combination. Each terminal may be monitored and controlled via the host computer to

obtain data such as the number of coupons issued and the identification of customers using the

terminal. The system enables the manufacturer to limit the number of a particular coupon issued from a

terminal at a store as well as the number issued in response to activation by a particular credit card.

Each terminal T, linked to the remote central database, includes a self-contained high speed coupon

printer which prints the product information, date, time of day, uniform product code, expiration date, a

store identification number or any other information desired for particular applications on each coupon

issued. Each terminal T has at least a reader device capable of reading a magnetic strip on a credit card

(col. 2: 5-28). A host computer H, related to the central database, is programmed to receive from a

plurality of terminals T, installed at a plurality of stores, coupon transaction information including the

number and type of coupons dispensed, store identification numbers, and customer account numbers.

Host computer H is programmed to use the information to generate the weekly reports 4 and 6, shown

in fig. 1, for the manufacturer and related retailers respectively (col. 4: 52-64). Hence, the manufacturer

is able to **prescribe limits for distribution of particular coupons** on a **collective and per store basis,

as depicted fig. 1.** The report 4 is provided to the manufacturer on a periodic basis, such as a weekly

basis and includes coupon distribution information for each retail outlet. Report 4 may include the

number of coupons dispensed, the store identification information, the dates and times of distribution,

and customer identification data. This information is valuable to the manufacturer both as an aid in

analyzing its marketing techniques and in detecting fraudulent coupon distribution or redemption. The

report 6 provided to retailers is essentially like report 4 but includes information only as to the

particular retail store(s) involved (col. 3: 39-54; fig. 1).

A customer enters a participating store having a terminal T, with a reader or Activator A

coupled thereto, and uses an identification means such as a typical credit card to activate or access via

the Activator A the coupon dispenser or terminal T (first location) to view or select at least one coupon.

Upon detecting or sensing the presence of the credit card in its circuitry, Activator A reads the data

encoded on magnetic tape or strip imprinted on the consumer's inserted credit card. Then, Activator

A provides a signal to activate terminal T to the coupon-dispensing mode. Using a credit card as an

activator or identification means provides the informational capability to limit the number of

unauthorized transactions or printed coupons, utilizing the same credit card at the same terminal T,

and further prevents children from activating the machine or coupon dispenser T. Subsequently,

terminal T, at the first location, retrieves and displays only coupons currently available to the

identified consumer, identified via the credit card having a unique account number or identifier.

Here, the customer can select and print at least one coupon via a printer connected to the terminal T

(presenting the customer's credit card or object to a first reader device at a first location or terminal

T installed at a first store and triggering a first response or issue a first coupon to the customer).

Further, upon activation, terminal T determines whether the same credit card account number has

been used within the last week or other pre-designated period by comparing the present credit card

number with those stored in memory or database coupled to processor 22 of the terminal T. If so,

microcomputer 22 permits only those coupons still available for selection by that particular

customer account number to be displayed. If, for example, the manufacturer has prescribed a one

per customer limit for a coupon, and that coupon has been previously issued to the customer under

the same credit card account number, then the coupon will not be displayed. Furthermore, even if

the particular credit account number has no selection history and if the maximum number of a

particular coupon either collectively or on a store-by-store basis have been issued, that coupon will

no longer be displayed. In this fashion, a manufacturer is provided with much more control over the

maximum redemption liability. It should be recognized here that the customer comes to the

(first) store and presents his credit card or object to a first reader device or Activator A, coupled

to a first terminal T or kiosk, which senses the card and reads the customer's account number and

issues a first response or a first coupon accordingly. Then the customer takes the issued or

printed coupon to the cashier at the first store and uses the same object or credit card to identify

himself during to thereby trigger a second response or a redemption of the coupon and/or to pay

for the transaction, which involves the redemption of the coupon upon acquiring the required

product (sensing the same object at the first store checkout or cash register reader or second

reader and triggering a second response or a redemption process or a payment process). It should

further be understood that the customer can subsequently take the same object or credit card to a

second store or POS and present the same credit card or object to a second reader device or

Activator A, coupled to a second and different terminal T or kiosk, which senses the card and

reads the customer's account number and issues a second different response or second different

coupon, different from the first response or the first coupon, based on the coupons currently

available to the customer as per the central database or per the coupons or promotions for the

second store or based upon information related to the customer's credit card or object account

number stored in the second terminal T or processor 22 database installed in the second store,

wherein the first coupon may not even be available, under the customer's credit card account, if it

was a one per customer-only or one time type coupon or promotion (col. 5: 45 to col. 6:10; col.

10: 17-61; col. 19: 51 to col. 20: 5; col. 29: 66 to col. 30: 20).

Lemon does not explicitly disclose **digitally watermarking an object, such as**

a coffee cup, and decoding the information therefrom (here, the decoding process is clearly

expected in reading the watermarked object).

However, electronically or digitally watermarking an object or document to ensure their

authenticity to thereby identify any copies of the object or document is old and well known in the art.

Indeed, a watermark is a mark, which is difficult to reproduce and it is laid over some other existing

information for the purpose of identification and authenticity of the underlying information (e.g. visible

watermark on currency). Further, electronic or digital watermark is invisible or imperceptible to the user. Therefore, electronically or digitally watermarking an object (credit card) or document makes it impossible to reproduce the object since the photocopies of the object will not contain the invisible or imperceptible watermark (mark) ("Official Notice").

Furthermore, using a coffee cup or a jacket for a coffee cup is a matter of choice or desires, which does not directly affect the functionality or the utility of the system and in the end produces the same result. Technically speaking, the watermark can be placed on any article of commerce or product (including a credit card) without affecting the functionality of the system (This fact is supported by the specification).

Therefore, an ordinary skilled artisan would have been motivated at the time of the invention to incorporate the above disclosure ("Official Notice") into the coupon distribution system of Lemon so as to create a digital watermark image and then embed the watermarked image, containing customer's information used to assist in authenticating the credit card and/or the credit card holder, into the customer's credit card or imprint an invisible digital mark on the customer's credit card and to use a watermark reader, coupled to a terminal T, operable to decode the digital watermark sensed or detected from the customer's credit card when the customer presents the digitally watermarked credit card to the watermark reader to activate the terminal T and receive a first coupon at a first location and a second and different coupon at a second location when the same credit card is sensed or read by a second watermark reader device, wherein the second coupon is different from the first coupon, thereby adding an extra layer of security or protection to the coupon distribution and redemption system by completely eliminate the possibility that a malicious customer might duplicate a credit card (making credit card copies) and attempt to access a terminal T at a participating location to print one or more coupons

associated with the credit card account for the digital watermark cannot be reproduced, while providing

full control over the distribution and redemption of the coupons to the manufacturer who cannot be

duped by unscrupulous customers using phony and unregistered credit cards as identification means to

access the system (i.e. credit cards without an embedded digital watermark).

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's

disclosure.

US Patent 6,014,634A to Scroggie et al. discloses an incentive distribution network.

US Patent 6,108,656A to Durst et al. discloses an automatic access to electronic information

via a printed medium.

US Patent 6,148,331A to Parry discloses an automatic access to electronic information

via a printed medium.

US Patent 5,978,773A to Hudetz et al. discloses an automatic access to electronic information

via a printed medium.

US Patent 5,483,049A to Schulze discloses a system wherein a customer brings a

printed medium to a retail store having a coupon imprinted thereon and wherein the customer

exchanges the printed coupon for an exchange coupon available at the retail store and wherein

the printed coupon was directly associated with the retail store.

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time

policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE

MONTHS from the mailing date of this action. In the event a first reply is filed within TWO

MONTHS of the mailing date of this final action and the advisory action is not mailed until after

the end of the THREE-MONTH shortened statutory period, then the shortened statutory period

will expire on the date the advisory action is mailed, and any extension fee pursuant to 37

CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event,

however, will the statutory period for reply expire later than SIX MONTHS from the mailing

date of this final action.

Any inquiry concerning this communication from the Examiner should be directed to

Jean D. Janvier, whose telephone number is (703) 308-6287). The aforementioned can

normally be reached Monday-Thursday from 10:OOAM to 6:00 PM EST. If attempts to reach

the Examiner by telephone are unsuccessful, the Examiner's Supervisor, Mr. Eric W. Stamber,

can be reached at (703) 305- 8469.

For information on the status of your case, please call the help desk at (703) 3081113.

Further, the following fax numbers can be used, if need be, by the Applicant(s):

After Final-   703-872-9327

Before Final -703-872-9326 Non-

Official Draft- 703-746-7240 Customer

Service- 703-872-9325

JEAN D. JANVIER
PRIMARY EXAMINER

JDJ

01/26/05